MINE YOUR DAILY PRINCIPE, THEREDAY, OCCORRER IS 1873

A FINANCIAL REACTION.

STOCKS FALL AND RISE AGAIN. CONFIDENCE RETURNING.

ANOTHER BREAK IN THE STOCK MARKET WITH A SUBSEQUENT REACTION-BOLDERS OF GEORGE BIRD GRINNELL & CO.'S STOCKS ALLOWED TO SELL THEM-TWO MORE FAILURES-PAYMENT OF THE Blatchford had issued the following order: NEW-YORK CENTRAL DIVIDENDS-LAKE SHORE EXPRDIENTS.

Prices on the Stock Exchange opened yesterday morning at even lower figures than they had reached on the previous day. The whole list deslined from one to six per cent amid gloomy forebodings of greater evil. Numerous reasons were given for the decline, one being that a dis lution of the Grinnell injunction by Judge Biatchford had allowed the precipitancy of a vast amount of Lake Shore and Western Union wpon the market. Subsequently there was a reaction of the general list from one to nine per cent, and at the close of business a most buoyant feeling prevailed. The reaction was attributed to the payment of the New-York Central dividend, despite the stories of the previous day, and to rumors that Commodere Vanderbilt had made arrangements whereby he was to receive a large amount of ready money with which to "bull" the market. It was further reported that arrangements had been made whereby the stock held for the account of Grinnell & Co. by various brokers should not be thrown upon the market. Much uncertainty existed regarding the disposition of this stock. Two failures, only one of which was of any consequence, viz: that of Gilmon, Son & Co., bankefs of Exchange-place. Numerous rumors relative to the future operations of the Lake Shore Company were in circulation, but could not be confirmed.

A QUICK REBOUND IN STOCKS.

THE LOWEST LEVEL SAFELY PASSED-COMMODORE LIST-CONFIDENCE REGAINED AND BETTER RATES

The feverishness which characterized operations in Wall-st, on the previous day was renewed yesterday morning at the opening of the Stock Exchange. Stocks which had closed very low opened still lower, and amid great, although suppressed excitement reached their lowest figures since the beginning of the crisis. The news of the renewal of the depression drew large | crowds | of expectant and curious visitors to the Exchange. The gallery creaked beneath its burden, and the aisles devoted to spectators were filled with an anxious crowd eager to catch a glimpse of the opening quotations. At 10 a. m., with the opening of the regular transactions, came a rush to sell stocks of every description, but particularly those known as the "Vanderbilt specialties." Prices dropped v beneath the pressure, and a wild excitement ensued, the average decline being from 1 to 6 per cent throughout the general list., New-York Central dropped from 85 to 82, Harlem from 103 to 100, Eric from 451 to 441, Lake Shore from 601 to 571, Wabash from 35 to 321, North-Western from 34 to 32 Rock Island from 82 to 81, Ohio from 22 to 21; Union Pacific from 162 to 152, Western Union from 51 to 45, Pacific Mail from 26 to 25. Under this pressure numerous failures were expected, but only two were announced, N. S. Perry, a small dealer on Broad-st., and Gilman, Son & Co., bankers, of No. 47 Exchange-

At about I o'clock there was a better feeling, with a slight return of confidence. Various reasons were assigned for the change, one being that the decline having been caused by liquidations on the part of stock brokers and others, prices had reached their natural basis or intrinsic value, and they must now react. These views were borne out by the payment of the \$3,600,000 of the New-York Central dividend at the office of the Company's agents in Nassau-st. In addition it was asserted that Commodore Vanderbilt, from necessity, had become an active "bull" operator in the market, and as he would draw the dividends on about \$40,000,000 worth of New-York Central belonging to him, this money would be used as a means of strengthening the stock market. It was also asserted that he ed of \$10,000,000 worth of New-York Cen tral and Hudson securities at 75 to German bankers. and that he would use this sum as a basis for "bulling" the stock market and particularly Central, Lake Shore, Western Union, and other of his own securities, and that he would pay the \$1,780,000 loan to the Union Trust Company.

While these statements and rumors produced a marked effect, they were of minor importance in comparison to the dissolution of the Grinnell in-Junction by Judge Blatchford, which agitated the street, and was affirmed and denied repeatedly. The fact having been established that the injunction had been dissolved, there were fears that the 100,00 shares of stocks held for the account of Grinnell would be thrown upon the market and lead to a re newal of the panic. To the astonishment of all, however, the vast blocks of New-York Central, Lake Shore, Western Union, etc., which it was thought would be thrown upon the market were kept out of sight. It was soon reported that the Vanderbilt party had made arrangements with the bankers and brokers who held the stock to carry it over for the present, at least, one argument being that if they should not do this stocks would go much lower, and all who carried them would be correspondingly injured. All this created a reaction, which was taken advantage of by the "bulls," and soon prices which appeared to be on the point of going to zero recovered and went up with almost greater rapidity than they had gone down. The whole list appreciated from 1 to 9; per cent as compared with previous quotations. At the close there was a reaction of ; to 12 per cent from the highest point. The most marked improvement was in Lake Shore, Western Union, Harlem, Panama, Delaware, Lackawanna and Western, New-York Central, Rock Island, Wabash, and Pacific Mail. Lake Shore, which fell off from 612 to 572, advanced to 67, and reacted to 65%. Western Union, which had declined from 51 to 45, rose to 54; and finally sold at 52. Harlem, from 100, reached 106. Panama rose from 80 to 86, and Delaware, Lackawanna and Western from 80 to 85; New-York Central sold at 87; @86; Rock Island at 871@8. 2871@861; Wabash at 391@381, and

Money was very irregular and closer than on the previous day. In some cases the brokers accommodated one another at seven per cent, but the bulk of the business was at 1 to 1 per cent for small lots, and some cases | per -cent was paid for round lots. Some transactions were rumored at 7½ per cent and interest for 60 days. Gold was moderately active, the price declining from 1092 to 1082, closing at 1082.

THE GRINNELL PROCEEDINGS.

JUDGE BLATCHFORD DISSOLVES THE ORDER OF IN JUNCTION-THE EFFECT IN WALL-ST.

Perhaps no event during the panic has caused so much feeling against delinquent brokers as the bankruptcy proceedings in the case of George Bird Grinnell & Co. and the injunction granted by Judge Blatchford restraining their creditors from enforce ing their contracts. This injunction, which practically locked up about 100,000 shares of stocks, was regarded as the primary cause of the relapse noticed in yesterday's TRIBUNE. Instead of allowing an immediate and healthful liquidation, it was alleged that it suspended operations with a large number of dealers, and prevented them from realizing in accordance with the rules of the Exchange. The main thing complained of, however, was that it caused a large number of foreign bankers to withdraw their money from active use in loans on stock collaterals, as they were afraid that existing conwere applied in their case. This apprehension has | were largest, and an hour later were rapidly dispersing. |

was announced yesterday that Judge Blatchford had dissolved the injunction, the statement was regarded as a stock-jobbing rumer, circulated for the purpose of affecting the market. Many of those who were affected by the injunction sent messengers to the court-room for information, and ascertained that in the United States District Court Judge

In the matter of George Bird Grinnell and others, aleged bankrupts, and in the matter of George B. Gru nell and others, alleged bankrupts, Judge Blatchford gave the following decision: In these matters, and each of them, let orders be entered dissolving and vacating all injunctions heretofore granted herein.

As there had been many conjectures concerning the alleged arrangement for the carrying of the Co. for the purpose of obtaining information on the subject. All the members of the firm were absent, and the clerks could give no information. It is understood, however, that there will be no opposition to the bankruptcy proceedings, and that Messrs. Grinnell & Co. will petition to be adjudicated voluntary bankrupts.

Joseph C. Williams of the firm of George Bird Grinnell & Co., in conversation with a TRIBUNE reporter last night in reference to the recent failure of his firm, said that the holders of Lake Shore and Western Union stock furnished by them as collateral for loans had been enjoined not to sell the stock, but in certain cases where the stocks had considerable time to run the injunction had been modified so as to allow the holders to sell the stocks subject to the order of the courts. There was a liberal margin on the original loans, but during the great depression his theory was that some of their creditors may have sold "short" on their own account, expecting to replace the stock at a lower price, and thereby realizing a profit during the injunction while they retained control of the stock. He had been busy examining the accounts of the firm since VANDERBILT SAID TO BE FUSHING UP THE STOCK | their failure, and was not in a position to know any thing in regard to the proceedings of the holders of

THE VANDERBILT STOCKS.

THE NEW-YORK CENTRAL DIVIDEND-LAKE SHORE RUMORS.

Much of the interest of the street centered yesterday in the office of Messrs. Duncan, Sherman & Co., the transfer agents of the New-York Central Railroad Company, who were paying the usual dividend. Clerks and messengers awaited to receive their checks, and found long lines extending around the office. Several hundred thousand dollars were paid out during the day.

In addition to the other stories concerning the Vanderbilt stocks, there were rumers that the Lake Shore Railroad would "pass" its next dividend, that is, fail to pay it. It was also reported that in order to take up the Union Trust Company's loan and to pay the floating indebtedness, the Company would issue a new mortgage, but none of these rumors were confirmed.

It having been rumored that, among other effects of the panic would be the stoppage of work on the double track now under construction by the New-York Central Railroad Company, a Tribune reporter yesterday called on Commodore Van-derbilt to ascertain the facts. The Commodore said that there was no foundation for the ramor; that the work of building the double track was going on the same as ever without interruption or delay from the panie or any other cause. All the land that required to be purchased for the improvement has been secured, and the work is being pushed as rapidly as is practical. The new track has been graded a large portion of the distance, work having been begun simultaneously on all sections of the road. The building of the new track was begun last Spring, and is expected to be completed by December, 1874.

TWO NEW FAILURES.

SUSPENSION OF GILMAN, SON & CO., AND W. S. PERRY Although there were rumors of many suspensions, yet only two or three were announced. The est important of these was Gilman, Son & Co. of No. 47 Exchange-place. They were an old and conservative ouse, and had been highly esteemed in the street. throughout the country, and having used their money in proper channels of trade and finance in order to earn the interest they paid to their eustomers, they were unable to obtain their money when it was needed. Theodore Gilman stated to a TRIRUNE reporter that the suspension of the house of Gilman, Son & Co. was due to the continued draw upon their money supply by depositors, the non-payment of heavy sums due the firm, and the rapid depreciation of securities in their hands. He considered the firm entirely solvent, and said they could pay all drafts drawn against remittances. He declined to state the liabilities and assets at present, as a rigid researching of the books alone would insure a correct statement. W. S. Perry is a small dealer who has been carrying

nore stocks than he could take care of, and has therefore been obliged to suspend.

WALL-ST. EPISODES.

GLEAMS OF FUN DURING HOURS OF DEPRESSION. Wall-st. is never without its comical side. ven while a large proportion of its habitaés are in a late of panic, and fortunes are melting away like dew efore the sun. On the morning of the summary susension of business at the Stock Board the younger embers captured an itinerant band, and, selecting their own appropriate airs, regaled themselves with Cheer Up," and "The Last Rose of Summer," until s oliceman of the full standard dimensions ordered them to "move on, there." After a few failures had been announced through the press, and it was observed that many of the " lame ducks" still attended the sports of Jerome Park, some was wrote and posted this effusion on the front door of the Exchange ;

GONE TO JEROME PARK. You may break, you may ruin the man if you will. But a faste for the races will ching to him still.

The crowd of brokers' apprentices who were waiting the basement used by Messrs. Duncan Sherman & Hudson stock, numbered at least 200, and were being dispatched at the rate of about 10 per hour. This gave ost of them the prospect of a whole day of idioness which they employed in all sorts of jests at the expense of every new comer. If a short, dark-complexioned man entered, he was immediately halled as "the friend of free Cuba," and three hearty cheers were given him; or if a person of any marked peculiarity presented himself a dozen voices invited him to come forward and make a speech. A tall, elderly man, with white beard, was greeted with, "Your divvy is waiting for you; step right up and sign the papers." If any one came in with a parcel he was invited to pass the sandwiches around and get a certified check for the lot," with such exclamations as "Dip in the French mustard," "Pass around the salt," "The Com modore is rich enough to give us all a pie," &c., &c. In found-looking old gentleman, in spectacles, wrote the they called him by every name they could think of.

A RETURN OF CONFIDENCE.

RENEWED COURAGE AT NIGHT. The Fifth Avenue Hotel, the magnet to which so many are attracted in times of financial crises. was again the scene of animated discussion, last evening. The halls and corridors were not crowded, though it was evident even to a stranger that topics of more than ordinary interest were under discussion. In point f numbers the crowd was about the same as on Tuesday evening, about twice as large as on Monday, but less than half the size of the throngs that gathered nightly four weeks ago. It was not an excited or class orous crowd, as on previous occasions, but a company that could engage in rational a company that could engage in rational discussion of the decline in stocks at the opening of the Stock Exchange during the morning and the subsequent reaction. Among the noticeable persons present during the evening was Richard Schell. At 9 o'clock the crowds

led to the present stringency in money. When it | At 11 an occasional knot of speculators was all that remained, and at 12 the great botel wore its wonted mit

night aspect. A FLURRY THAT WILL DO NO HARM.

The senior member of one of the largest anking firms in the city, who desired that his name should not be mentioned, replied yesterday to the questions of a Thibuns reporter, regarding his views on the financial flurry, subsatutially as follows: "The flurry was caused by the upsetting of all confidence among op erators. Nobody would lend money at 7 per cent when might be served with an injunction at any moment restraining him from collecting it. The action of Grinneil & Co. started the whole trouble. Men can buy stocks to keep at a nominal price just now, and they are doing so with their money instead of lending it. You do would suppose. The moneyed men are not speculating stock, a Tribune reporter sought Messrs. Grinnell & They are buying to keep. The flurry is, in fact, a healthy novement, for while it may hurt a few men, it benefit

the great mass of commercial people by bringing stocks back to the 'hard pan' value, and pusting them in the hands of people who tutend to held them. If the professional carriers of stocks should be compelled to sell out at the present low rates, all the better for the great mass of the people. Further than that, there is no cason why Wall-st, should affect the solid commercial sterests of the country. It does so only through the sort of sympathy that all business men feel for one another. Dry goods men, or retailers, or im porters, or manufacturers, ought not to be affected by every flurrygin the Stock Exchange. When we come to 'hard pan' values we shall have an end to these flurries, and the Stock Exchange should hasten the move ment for its own good."

" As to the prospects to-morrow !" "That no man can say. The florry will keep up, I think, outil every inflated concern on the Stock Ex

change list is broken up, and the solid values of stocks "Will a resumption of specie payment be likely to

" Not at all. There is less connection between that ssibility and the panle now than at the first.

FREIGHTS DEPRESSED.

REAVY REDUCTION IN FREIGHTS CAUSED BY THE MONETARY STRINGENCY. The effects of the financial panic on the

transportation business have been very serious. Railroad freight on all the principal lines from New-York to the West has fallen off since the beginning of the panic from 25 to 50 per cent. This is more particularly the case with freight bound West. The Eastern-bound freight, which consists mainly of grain, has not been so seriously affebted as yet, but unless Western buyers. who are compelled to pay greenbacks for grain, are supplied by the banks with something beside certi-tied checks, they say that the movement of produce Eastward will soon cease. Inquiries made yesterday at the offices of the three great competing railroad linesthe N. Y. Central, Erie, and Pennsylvania Central -elicited substantially the same facts. All of these lines did an unusually large business up to the time the panic begun, and all were anticipating a larger business in October than was ever known before. Each company had enlarged its facilities for transportation far beyond any previous year, and was expecting an unprecedented season of prospecity. The Western-bound through freight from New-York on the Central and Rudson River roads fell off fully 25 per cent during the first two weeks of October from what it was during the me two weeks last year. On New-York State freight the falling off during the same time was about eight per cent. As the railroad freight tariff is much lower this season than herotofore on this line, This falling off really represents a reduction of 20 or 40 per cent from last year. On the Pennsylvania Central road the effect has been the same. Since the 20th of September through freight to the West has fatlen off nearly 50 per cent. Up to that time the road had done a larger business than in any previous season since it

The Eric officials tell the same story. During the month of September the freight business was well main-tained, and showed a larger aggregate than in Septem-ber of inst year or any previous mouth, but since Octo-ber came in and the effects of the panic began to be tell more perceptibly in the West, freights from New-York have fallen of from 30 to 40 per cent.

YELLOW FEVER RAVAGES.

THE MISFORTUNES OF MEMPHIS. THETY-FIVE ADDITIONAL VICTIMS-IMPOSTORS AND

THIEVES AT WORK-A MUNICIPAL CONTROVERSY.

fever. This is a decrease of three from all causes, and five from yellow fever. The thermometer at noon stood at 77%, and there was no stan of frost this morning. The lessens the chance of cheeking the scource. Few new cases have been discovered to day. The Fire Relief cases have been discovered to-day. The Fire Relief Committee report seven of their members and nine of their mainles all delag well, except and other of their ramides all delag well, except and other as the Oud Fellows have lost 20 members, four widows and wives and eight children, 25 deaths in all, out of 20 pricets. The Order now have 44 det, including Mayor Johnson and the Rev. Jas. Carnichael. Dr. Drake McDowell of New-Madrid, Mo., arrived yesterday, and tendered his services to the Howard Association. Sisters Magdalen and Marie of La Saliette Academy died yesterday atternoon.

A man named Blackmore was detected, yesterday, in defrauding the Citizens' Relief Committee of rations, and was this morning fined 30 and septemed to confine.

YELLOW FEVER NOTES.

Fifteen yellow fever victims were interred at Shreveport yesterday. Five deaths from yellow fever occurred at

Montgomery, Ala., during the last 48 hours. An one the victims was Francis Widmer, Inte United States Internal Revenue Collector.

" A. D. W.," \$5; " H. S. W.," \$1. For Shreveport-" Char-The following amounts, collected by Edmund Orgill, were forwarded to the Memphis Relief Commit-

Merkin, Rubbert & Co.
Spler, Kissum & Co.
Van Wart & HeCor
Hubbard & Curtiss Manufacturing Company.
Charles Peace.
Barton, Alexander &
Wallet. Cash.
Similey Bule and Level
Company.
Cash
Weimore & Co.....

AN IMPORTANT RAILROAD STOCK CONTRO-VERSY.

St. Joseph, Mo., Oct. 15 .- At a meeting of

the stockholders of the St. Joseph and Denver City Railroad, held yesterday, the following were elected directors for the ensuing year:
William Bond, Lewrence Wells, J. P. Navarro, H. A. Johnson,
George E. Forrest Thomas T. Smith, Heart H. Butterworth, Heart C.
Tasner, Robert W. Dinnell, all of New York; Edmond W. Meals of
Hagerstown, Md. J. E. Steele of St. Joseph, E. N. Morrill of Kansas, and John Saron of Nebrasks.

About \$4.000,000 of stock was represented. The city of

St. Joseph holds \$500,000 of stock, which was voted for a different set of directors, and Mayor Severance, who represented this stock, holds that it and \$1,114,000 belonging to Brown & Co. of Kansas was all that was legal, the other, if ever issued at all, never having been paid for. The Mayor, therefore, on behalf of the city, entered a formal protest against the election, and it is probable the legality of the stock voted upon by New-Yorkers will soon be tested.

THE STEAM CANAL-BOAT TRIAL. SYRACUSE, Oct. 15 .- The trial trip of the

ompeting steam canal-boats for a prize of \$100,000 is in progress to-day. Five boats, with their cargoes of 200 ne each, left Syracuse this morning, as follows: Bax. ter, 0:23; Port Byron, 9:15; Central City, 10:16; Pope, 11; Newman, 11:19. The regulations prescribe a round trip between Syracuse and Utics, but it is believed the trip to Utica will settle the question for three at least of the heats. The opinion prevails that the real contest is be-tween the Baxter and the Newman.

A STATE DEFAULTER.

HEAVY EMBERZLEMENT BY THE TREASURY CASHIER AT ALBANY.

THE PECULATIONS OF CHARLES II. PHELPS-HIS THEFTS RECKONED AT \$300,000-ROW HE HOOD-WINKED HIS ASSOCIATES-THE STATE NOT A LOSER-PHELPS TO BE ARRESTED AND TO BE RIGOROUSLY PROSECUTED.

[GENERAL PRESS DISPATCH.]

ALBANY, Oct. 15 .- Charles H. Phelps, Cashier in the Treasury Department of the State, was arrested in Jersey City, yesterday, and brought here last night at midnight, charged with robbing the State Treasury of an amount of money supposed to reach \$300,000. Under an arrangement made by the Controller and Tressurer the State deposits are divided between five or six of the banks of this city. A few days ago the State Treasurer discovered that the Cashier was making larger deposits in one of these banks than it was entitled to, and at once instituted an examination of his accounts, but without suspecting that any of the funds of the State had been embezzled, entire confidence being placed in the Cashier by every one, and the system of checks in the Controller's office being deemed an absolute security against fraud. For years it has been the custom of the banks to send to the Controller's office a duplicate of the Treasurer's bank book upon the first day of each month. These books always passed through the hands of the general beokkeeper, George Seeley. The banks complaining of the labor involved, and Mr. Phelps giving assurance that it was entirely unnecessary, Mr. Seeley dropped the duplicate set without the knowledge of either the Controller or Treasurer. This

left but a single set of books to be manipulated. The next step was to induce the general bookkeeper to accept, in some instances, the statement of the Cashier of the bulance in some one of the banks without producing the bank books. This was successfully accomplished during the last month, and thus Mr. Phelps escaped detection for a very short time. He charged a large sum to the Mechanics' and Farmers' Bank which its own statement showed it did not have; and had Mr. Seeley made the usual and proper examination the false entry would then have been discovered. It further appears that Mr. Phelps obtained the cash upon some of the drafts remitted to him by the County Treas urers, though these drafts could not legally be cashed without the indersement of the Treasurer or of his deputy, and any bank taking these drafts upon the indersement of the Cashier only is liable, and will be compelled to refund to the State.

The Treasurer began his examination by requesting the various banks of deposit to furnish him with a statement of their accounts. This threw Phelps into despair, for he knew that the examination of these statements would reveal his operations. He therefore fled from the State, and wrote a note to the Treasurer admitting that his accounts were not entirely correct. Mr. Raines followed him to Jersey City, and in the interview which took place last Friday, Mr. Phelps claimed that if allowed his liberty two or three months he could refund the entire amount. He said he had used the money in speculations in New-York City, but not in stocks, and would not say definitely to what purpose he had applied it He also admitted that he had accomplices, but would not give their names. He claimed that the money was still largely under his control, and that he would soon be able to refund say \$100,000 of the amount. He desired to be left alone, that he might be able to obtain and restore money, and propositions were made from legal sources to adjust the matter on some basis of compromise. The Treasurer, however, would not assent to any arrangement which either settled the offense or permitted the offender to remain at large. He put a detective on the track of Phelps, obtained the necessary papers from Gov. Dix, and had Phelps arrested and brought here. The Treasurer has retained Henry K. Selden and Samuel Hand, who will at once proceed to a

thorough investigation of the case. Phelps was appointed Cashier by Treasurer Raines MEMPHIS, Oct. 15.—The number of deaths up in the Spring of 1872. He had occupied a position of banks were anxious to have as large a balance as possiconsiderable trust in the Western Union Telegraph | ble, a complaint was made by the parmers and mechanpress Company. He was always considered trust

CASHIER PHELPS'S CAREER AND CRIME.

HIS SOUTHERN ANTECEDENTS-HE REPUSES TO MAKE ANY STATEMENT-HOW THE THEFTS WERE ACCOMPLISHED-AN ACCOMPLICE EQUALLY GUILTY

INV TELEGRAPH TO THE TRIBUNE!

ALBANY, Oct. 15 .- Phelps, the defaulting eashier of the Treasury Department, who now lies in the Albany jail awaiting an examination, was appointed to his position in the Treasurer's office by Mr. Raines at the earnest solicitation of D. D. S. Brown of Ro chester. He was highly recommended and had held positions of trust in Virginia and Georgia. He is a Southern man by birth, and is said to have been in the Confederate service. When appointed eashier by Mr. Raines he resided in Albion, N. Y. He is a married man, about 45 years of age, and since he came to Albany has been highly respected by all who knew him, and regarded as a man of undoubted integrity. Since his arrest he has been very melancholy, and his friends say he has changed very much in 'his appearance during his week's absence from Albany. His salary as cashier was \$2,500, and there is no evidence that he lived beyond his income. Although he refuses to say to what THE TRIBUNE has received the following extent he is a defaulter, who were his confederates, additional subscriptions: For Memphis-"B. G.," St. or what he did withithe money, there is little doubt that it was lost in stock speculations in New-York. The public will probably get more definite information when he is arraigned to-morrow morning before Justice McNamara, as his counsel will then be here. and the examination, which was adjourned to-day, ---

Phelps was brought before Gov. Dix, Treasurer Raines, and Attorney-General Barlow, to-day, but refused to divulge anything until the arrival of his counse! from New-York. It was decided, however, to have an immediate investigation of the accounts of the Treasurer's office by persons not connected with it, and Gen. Barlow, who is to superintend the investigation, has telegraphed for Wm. E. Warren, the accountant, of New-York, who is expected here to-morrow morning. It may take some time to discover the extent of the defalcation, since it can only be ascertained by inquiry among the County Treasurers to find out how many have sent in drafts for the amount of their taxes, and then comparing the totals with the money now in the Treasurer's hands. It is thought that the amount of the defalcation is about \$300,000, but Phelps refuses to give any information about it.

Gen. Barlow says that he must have a confederate in the crime, since no honest and disinterested person would have cashed drafts indorsed by a mere clerk in the Treasurer's office, without suspecting something wrong. Inasmuch as there must have been an accomplice, the probability is that the drafts were all cashed by the same person, but who that person was is not known, beyond the fact that he was the cashier of a private banker in New-York. The Attorney-General says there is no doubt that the person who cashed the drafts for Phelps as well as the person on whom they were drawn by the County Treasurer are all legally responsible for the loss to the State, as the law especially provides that all drafts shall be indorsed either by the Treasurer himself or his deputy. The present deputy is Mr. It may possibly turn out that the cashier forged the name of the Treasurer or deputy, though this is not suspected. In any event, Gen. Barlow says the State cannot suffer, provided any of the persons connected with Phelps's operations he was taken by an officer to Albany.

are responsible, as the law is perfectly clear on the subject, and all persons eaching drafts of the State Treasurer are bound to know the law and abide by it, whatever may have been the custom of the office. No one here attaches any blame to Mr. Raines, the State Treasurer, as the regulations of his office or the law governing his duties were not of his creation, and

have been strictly complied with. All that can be charged against him is that he appointed to office a man who was highly recommended and of previous good character who has turned out to be a rogue, or the tool of men who are worse rogues than himself.

THE ARRAIGNMENT.

THE CULPRIT'S EXAMINATION DEFERRED TILL TO-

DAY-HOW HIS DEFALCATION CAME TO LIGHT. ALBANY, Oct. 15.—Charles H. Phelps, cashier in the State Treasurer's office, was arraigned in the Police Court this afternoon on a charge of stealing a draft or bill of exchange from the Treasurer's office to the amount of \$15,000. He stated that his counsel, Judge Birdseye, and A. Chapman of New-York, were not present, and requested a postponement of the examination until to-morrow afternoon, which was granted. It is feared the amount embezzied will exceed \$360,000. The Evening Journal says it appears that at the examination about the first of September Phelps stated the balance in the Mechanics and Farmers' Bank at \$200,000 more than it really was. The books of the other banks were examined, but whether Phelps produced the book of this bank, or, upon the plea that it was not written up, or some other pretext, induced the general bookkeeper to accept his statement of the balance is not absolutely clear. The book itself has not been seen estion was raised as to the transfer of funds from one bank to another, the consent of the Controller being necessary. He secured a statement of the balances from the banks themselves, and the Treasurer did the san thing. The statement led to an examination and to the

osures which have been made. Phelps has not made known the names of those with whom he operated in his speculations, and it is not fully known what banks cashed the drafts, or whose indorsement they bear. One or two of them which have been traced are found to be made payable to the order of an individual who is known to be cashler of a New-York banking-house. The cashier of the treasurer's office have usually had a small side account in the checking bank, which was mainly used for the convenience of employes of the State who might desire to anticipate a part of their monthly pay. The cashier would draw small checks for the various amounts desired, and make them good by the deposit of State checks at the end of the month. Mr. Phelps had such an account as his predecessers had, but it seems to have been larger than was generally the case, aggregating some \$13,000 since about the 1st of Septem per. The Evening Times has the following account of how the defaication was detected:

On Saturday, Sept. 25, the first step was taken by Deputy Controller Gallien which resulted in the discovery of the fraud. On that day Mr. Phelps presented to him, in the absence of Controller Hopkins, transfer checks amounting to \$175,000, which he requested Mr. Gallien to countersign. This Mr. Gallien refused to do. and in a few moments Mr. Raines, the State Treasurer, brought them to him to sign. Mr. Gallien again refused to do so, upon which, it is said, Mr. Raines became very angry, and left the Con-troller's office. Mr. Gallien then sent to the banks in which the State funds were deposited and asked for a copy of their balances. As soon as he re-ceived the figures he found there was not a sufficient surplus at the Commercial Bank to warrant the drawing of transfer checks for so large a sum. All money received at the State Treasurer's office is or should e paid into the Commercial Bank in this city. By an existing arrangement that bank is entitled to retain half, the Mechanics and Farmers' Bank one quarter, and the Albany City and New-York State National Banks one-eighth each of the whole amount on deposit. As soon as the gross sum was paid into the Commercial Bank transfer cheeks were drawn on that bank and paid into the other banks so as to equalize the whole deposits. It appears that on the 27th of September the deposit at the Mechanics' and Farmers' Bank had been drawn down to about \$400,000, and it was known that a day or two previous about \$1,500,000 had been paid into the Commercial bank, and it being about the time of the panie when mir that they had not their full share of its. This caused the drawing of the tronsfer checks for the \$175,000 above alinded to, as Mr. Raines wished to equalize the balances. As soon as Deputy Controller Gallien became satisfied, from the figures furnished by the banks, that \$175,000 was not the proper amount to transfer he told Controller Hopkins, and justified his refusal to sign the checks. Controller Hopkins went into Mr. Raines's office and acquainted him with that fact, and then the balances in Phelps's books and in the fact, and then the balances in Phelps's books and in the bank books were compared and the fraud discovered. Phelps had charged the banks with larger balances than they had, and by this means was enabled to cover his fraud and make his trial balances come out right. On Friday, the 3d of October, Phelps left his office and did not again return, as doubtless matters were becoming unpleasantly warm. Even after Mr. Gallien had discovered that somethies was wrong Phelps's good character staved inquiry off for on Mr. Gailien's showing Mr. Raines a copy of his figures the Treasurer was so impressed with the unimpeachable character of Mr. Phelps that he either omitted or neclected to investigate his books. At present it seems as if the State will lose the whole amount, as the banks are not liable. George Seeley, the book-keeper, has been suspended from the duties of his office for the present.

INCIDENTS OF THE DEFALCATION. UNFOUNDED RUMORS CONCERNING THE MANHATTAN COMPANY.

There was a rumor on the street early yes terday that the Manhattan Company was in some manner mixed up with the State Treasury defalcation. A reporter of THE TRIBUNE called on Mr. Reed, assistant cashier of the Manhattan Company, and asked about the matter. He stated that the bank was in nowise involved, although it is the agent of the State in this city for the transfer of State stocks and the payment of interest. On Friday last a telegram was received from State On Friday last a Green and Treasurer Raines, as follows:

ALBANY, Oct. 10.—Send me duplicate statement General Fund Account since Aug. 1 to date. Send without Thos. Raines.

Thos. Raines.

The account was forwarded on Saturday, being unoubtedly wanted. Mr. Reed believed, to aid in the investigation of the accounts of Mr. Phelps. On Sept. 15, the Manhattan Company received \$515,000 in drafts for the purpose of purchasing gold to pay interest on State bonds. This sum was duly receipted for, and applied to the purpose for which it was intended. The officers of the Manhattan Company were much annoyed that umors without any foundation in fact should have started concerning their lustitution or those connected

THE STORY OF PHELPS'S ARREST.

Charles H. Phelps, the defaulting cashier of the New-York State Treasury Department, was arrested at Taylor's Hotel, Jersey City, on Tuesday night. He arrived in Jersey City on Monday, Oct. 6, accompanied by a lady, and registered at Taylor's Hotel as C. Phillips and wife, of Rochester, N. Y. The couple were assigned room No. 6, which they occupied four days, when the lady left and the gentleman was transferred to room No. 36, which he occupied until Tuesday, in the meantime visiting New-York almost daily. State Treasurer Raines, accompanied by detective Sprague, arrived in Jersey City on Monday last, and at once conferred with the Chief of Police. On Tuesday morning detective Sprague andg two Jersey City policemen infor Mr. Phillips at the Hotel, but ere informed that he had gone out. They were satisfled, however, that he was only temporarily absent, as the key to his room had been left at the office. The officers then separated with the agreement to meet again at 1 p. m. Mr. Raines and Sprague were at Police Headparters at the appointed time with a requisition for Phillips." Officer Coward was detailed to go with them and make the; arrest. When the officers reached the hotel they found their man standing on the steps, and Mr. Raines at once recognized him as C. H. Phelps He made a slight resistance, and demanded the officers authority for making the arrest, but yielded quietly when shown the requisition. He was taken to Police Headquarters and scarched, and \$2,882 20 found in his pockets. His baggage was procured from the botel, and

PRICE FOUR CENTS.

"FREE RELIGION."

THREE STRIKING ESSAYS. SECOND SESSION OF THE FREE RELIGIOUS ASSOCIA-

TION-ESSAYS BY W. J. POTTER, FRANCIS F. T. W. HIGGINSON, M. L. ELLINGER AND OTHERS. A small audience greeted the two essayists who appeared at Cooper Institute yesterday, under thu auspices of the Free Religious Association. During the first session, which lasted from 10 a. m. to 2 p. m. papers were read by W. J. Potter of New-Bedford ou Ecclesinstical Foes of Free Religion," and by Francis E. Abbot of Poston on "The Foreign Mission System." The Rev. O. B. Frothingham introduced the readers, and Col. T. W. Higginson, M. L. Ellinger, and others took part in the proceedings. In the evening James Parton read an essay to a large and very intelligent audience on "Taxation of Church Property," which was followed by a discussion. Mr. Parton's paper is reproduced below in full, with Mr. Potter's address, an abstract of Mr. Abbot's paper, a careful report of Mr. Higginson's remarks, and an outline of the discussions of the

THE PROCEEDINGS. REMARKS OF MR. PROTHINGHAM.

The Rev. O. B. Frothingham, before introducing the first essayist to a comparatively small andience in Cooper Union, yesterday morning, claimed that all people should give attention to the practical subjects considered by the Free Religious Association To say," said he, " that these are not practical que tions seems to me a singular misapplication of terms. Is not the taxation of church property a practical question t since Phelps's disappearance, about the lat of October.

Is not the question of the ecclesiastical tolls of religion a practical question? The question of superstition is vital; the question of skepticism is important; sec-tarianism costs many hundreds of thousands dellars to the common people. The question of denominationalism is of great importance; the question of Foreign Missions is of vital importance, for this Report of Foreign Missions is a very heavy tax upon the community. They are certainly as vital as any political questions — as, for instance, who shall be President of the United States, or Senator or Representative from the Empire State. They seem to be of great importance at the moment; but somehow or other when they are decided they turn out to be of very little in portance one way or another. In the United States it matters little whether the President is elected for four years or not compared with the question whether a began question is incidental, the other touches not their pockets only, which is a serious matter, but all their social relations, their interests. I (touches the question in what direction they are to improve their moral affairs; in a word, concerns their whole social life. It is not, therefore true that the Free Religious Association presents itself to people who think about speculative themes. We do not think much about speculative themes. I doubt if there is one here who would call himself by profession a theologian, or a philosopher, a man of mere ideas; but and are pulling that through the streets every day for the benefit of our fellow-men in common, practical, social affairs. But I do not propose to make a speech, and you want to listen to the men who have come from abroad. I shall introduce to you William J. Potter."

FOES IN THE CHRISTIAN HOUSEHOLD. ADDRESS BY THE BEV. W. J. POTTER OF NEW-BEI-

Religion has had in its historical career many and bitter foes. It has had to meet the spirit of denial nd skepticism. It has been tormented by the hosts of infidelity. It has contended against the cold criticisms of philosophy. It has been compelled to make war upon the material and animal propensities of mankind-or, in the old evangelical phrase, "fight the world, the flesh, and the devil." It has had to encounter in battle every form of malevolence, wrong, wickedness, sin, and misery, with which the human race has been burdeness. its natural enemies beyond its own lines, religion has ent in their antagonism, than the fees which it has found in its own citadel, the Church. Its hardest foes, after at, have been "they of its own household;" as witness the bloody persecutions which mark but too clearly the trail of advancing truth in religious history-the murder of Netherlanders by Philip of Spain, the massacre of Hughenots in Paris, the reciprocal slaughter of contending factions in earlier Christian history, as one of the other had the temporal power, the imprisonment and hanging of reigious disenters in later times to those who had once been dissenters themselves, the long cat evennies within its own domain, yet we have not to took far for the cause. Religious institutions, which in their aggregate of organization and power we call the cluren, are necessarily the result of religious beliefs and feelings that had their origin in a past epoch. They are the deposit of an inspiration or sentiment that has been and are necessarily shaped by the mental and moral intelligence within which that inspiration had its limiting conditions. They were molded by the exigencies, faith, thought, emotions of an era necessarily gone by; otherwise there would have been no opportunity for them to have grows and hardened into consistency of institutions. Hence, naturally, religious institutions, or the church will always strive to conserve the beliefs and feelings of this past era ont of which they came. On traditions they stand, and to traditions twey will cling. Religion must necessarily have a present life, a present power. Whatever affiliations it may have with the past, it must have affiliations also with the new knowledge and the new forms of human activity that mark the present era. Instead of permitting itself to be shaped wholly by the limiting exigencies of a past epoch, it will itself demand a shaping inducence over the Institutions that are to be. So far from submitting to the dominion of past beliefs and faiths, it claims to be their creator. And before itself as the vitalizing spirit of all religious history, institutions, churches, forms of faith, creeds, sacraments, worships, all are fluid to be moided, under the progressive conditions of new thought and intelligence, to the spiritual exigencies of every new era.

TO-DAY'S RELIGION AGAINST YESTERDAY'S.

This civil conflict, therefore, of religion with fees in its domain is always the conflict between the opening and widening religious faith which at the present time exists-opening and widening under the improved conditions of human intelligence-and the religious dith that took shape and form under the narrower conditions of a past intelligence. In a word, it is a conflict between the church that has been and the church that is to be. It is not, as it is sometimes expressed, a condict between faith and reason, or between religion and between the church that has been and the church that is to be. It is not, as it is sometimes expressed, a conflict between faith and reason, or between religion and science; but it is the more enlightened reason of any present era battling against the less developed reason of the past; it is religion in the light of science against the religion when there was little or, no science; it is to-day's thought against yesterday's thought; or, since there is no faith which is not in some way connected with and dependent upon thought, it is the larger faith of our generation contending against the narrower faith of our generation contending against the narrower faith of our generation contending against the narrower faith of a preceding generation. But in such a conflict it would seem as if the strength would all be on the side of the new thought, the new reason, the new faith; and if this be the nature of it, how, it may be asked, can there be such visor and persistency in the strength of Would not the less enlightened reason of yesterday have to yield at once to the more enlightened reason of to-day? Can last century's, or a narrower faith hold the field against this century's, or a narrower faith hold the field against this century's, or a narrower faith hold the field against alone, we should have to answer, "Impossible: there can be no contest." And ultimately, it is true, that the greater strength always lies with the new thought, the larger reason, the larger faith and in the end the victory must be there. But then it is to be remembered that the old thought and faith always have the advantage of possession. They hold the field which is to be won. They have the scatof government, they fill all the offices, they are accepted authority in the spiritual realm. They have the scatof government, they fill all they offices, they are accepted suthority in the spiritual form, and their strength lies solely in their own gouviences, and enter they contest with resources that are ample for mining temporary victories. The ne

TO-DAY'S RELIGION AGAINST YESTERDAY'S.